



Application for Maryland Shellfish Aquaculture Financing (Fall 2010)

The increased production of oysters and clams in the Chesapeake and Coastal Bays of Maryland will be a key contributor to expanding the region's seafood industry. The Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) is partnering with the Maryland Department of Natural Resources (DNR) to help make affordable, subsidized loan financing available to commercial watermen, other individuals and businesses wishing to start or expand shellfish aquaculture operations. The University of Maryland and the Maryland Department of Agriculture are also contributing to this important effort by making training and business planning assistance available to current and prospective commercial shellfish growers.

Because the demand for funding is expected to exceed available financial resources in the short-term, MARBIDCO and DNR will give priority to applicants who plan to begin shellfish production operations during 2011. **This means that persons planning shellfish production operations must currently hold a DNR shellfish aquaculture lease, or must have applied to DNR for a shellfish aquaculture lease by no later than Monday, November 15, 2010.** Persons holding State water column leases are also eligible to apply. In addition, all applicants must have production and business plans that demonstrate the financial feasibility of the planned aquaculture operation. A shellfish aquaculture business planning template and other useful information concerning shellfish aquaculture can be found on the internet at: www.dnr.maryland.gov/fisheries/oysters/industry/funding.asp. Information about the Shellfish Aquaculture Financing Program and starting an aquaculture business in Maryland can also be obtained from the MDA Aquaculture Coordinating Office by calling 410-841-5724. Additionally, information concerning shellfish aquaculture leases may be obtained by calling the DNR Fisheries Services Shellfish Division at (410) 260-8329.

All applications to the Maryland Shellfish Aquaculture Financing Fund (including any required attachments) for the initial round of program funding must be submitted to MARBIDCO by the close of business no later than Tuesday, November 30, 2010. Additional information about the shellfish aquaculture financing program is provided below. A project financing submission checklist is included at the end of the application form which should be reviewed carefully.

Eligible expenses: Commercial aquaculture projects, with approved business plans, to raise oysters or clams in the waters of the Chesapeake or Coastal Bays. It is anticipated that most of the requested loan proceeds would be used to purchase substrate (e.g., oyster shell), seed (or larvae) or capital equipment (equipment with a 15-year life expectancy with routine maintenance). On-bottom and water column (i.e., cages or floats) aquaculture production projects are all potentially eligible to be funded. All borrowers need to indicate from where they plan to purchase shell or substrate.

Minimum/maximum loan amounts: \$5,000 to \$100,000. (If a project design will employ a relatively large number of persons -- including watermen -- it is possible that a larger loan amount could be approved.)

Basic eligibility requirements: There are two basic requirements to be eligible to receive funding under this program: 1) An applicant must either hold a shellfish aquaculture lease from DNR currently, or have applied for such a lease by November 15, 2010; and, 2) An applicant must demonstrate that the proposed shellfish aquaculture production will begin in 2011.

Borrower equity: At least 10% of loan amount (as a cash contribution used to implement the aquaculture project -- however, ownership of a commercial workboat could help to satisfy this requirement).

Loan interest rate: 4.5% APR (this is the maximum rate; the rate could be lower during the first one to three years of the term of the loan depending on the nature of the project to be financed).

Borrower credit history: A credit bureau score of at least 640 and no bankruptcy within the last seven years. For borrowers with credit scores of less than 640, a qualifying loan co-signer will be required.

Loan repayment assistance: This program potentially offers a substantial loan subsidy to borrowers to help reduce the debt service expense for starting or expanding a commercial shellfish aquaculture operation. Loan terms will normally be for three to five years, and all borrowers will be required to make loan repayments on a quarterly basis. During the first one to three years of the term of the loan agreement, only modest interest-only payments of 3% (APR) would be required; thereafter, regular amortizing loan payments would be due with 40% of the principal amount of the loan forgiven for borrowers who are in good standing on making their payments and implementing their production plans. The interest rate during the full amortization period will be 4.5% (APR) *NOTE: Borrowers who are not in good standing would not receive the partial loan forgiveness and will be obligated to repay the entire amount of the original loan.*

Collateral security: These loans do not require traditional collateral security. Only the personal guarantees of all borrowers will be required. *However, borrowers holding a DNR shellfish aquaculture lease may have the lease revoked if they are not in good standing on their loan repayment obligations to MARBIDCO.* In addition, if a shellfish crop insurance product becomes commercially available in the future, borrowers must then purchase appropriate coverage and make MARBIDCO a loss payable assignee for the amount of the loan obligation.

Project feasibility and financing request approval: The goal of this program is to help fund applications that have the best chance of success in terms of financial viability and getting shellfish to market. (And due to certain funding restrictions, approximately two-thirds of the available program funds will be used to assist commercial watermen.) A Shellfish Aquaculture Financing Committee will evaluate the credit worthiness of the prospective borrower(s), as well as the viability of the proposed project production and business plan (including the financial projections) that are required to be submitted with the application for financial assistance. The Committee consists of knowledgeable representatives from the Maryland Departments of Natural Resources and Agriculture, University of Maryland, Mid Atlantic Farm Credit and MARBIDCO. Projects with insufficient production and business plans and future projections of positive cash flows will not be approved, however these may be revised and re-submitted in the future.

Loan application fee: None.

Send a completed and signed original application form, including all the required attachments, AND SUBMIT FIVE ADDITIONAL COPIES OF THE ORIGINAL MATERIALS to:

**MARBIDCO Loan Programs Office
1410 Forest Drive, Suite 28
Annapolis, MD 21403**

NOTE: All application materials (including one original and five additional copies) must be hand-delivered or post-marked no later than November 30, 2010. Late applications will not be considered.

SECTION 1: APPLICANT INFORMATION

Business/Individual Name _____

Business Address _____ County _____

City _____ State _____ Zip Code _____

Contact Person _____ Title _____

Work Telephone _____ E-mail _____

Home Telephone _____ Mobile Phone _____

SHELLFISH AQUACULTURE LOAN REQUEST INFORMATION

Shellfish Aquaculture LEASE NUMBER or LEASE APPLICATION NUMBER (Required): _____

Total Amount of Funds Requested: \$ _____ Term Requested: _____ years

Use of Funds	Amount
	\$
	\$
	\$
	\$
	\$

Sources of Borrower Equity (or Cash) to Help Pay for the Project:

Source	Amount
	\$
	\$
Total	\$

Production Assets:*(List major shellfish production assets that are currently owed by you including workboats, upwellers, etc.)*

Production Assets	Est. Value	Lien Holders (bank. etc.)	Amount Owed
	\$		\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$

BUSINESS STRUCTURE

Year & State Established/Incorporated _____

☐ Corporation ☐ Partnership ☐ Proprietorship ☐ Agricultural Cooperative ☐ LLC

SECTION 2: PROJECT INFORMATION

BRIEF DESCRIPTION OF PROJECT

In addition to briefly describing your project, please be sure to explain how the funds from this loan will aid production of shellfish on your lease? Please include specific information about what will be purchased with these funds. If you intend to purchase shell or other substrate to place on the lease, please provide the following information:

Where are you going to purchase shell or substrate from? _____

What type of material are you going to move? _____

What will you pay for the shell or substrate? _____ When will it be moved to your lease? _____

EMPLOYMENT DATA RELATED TO THE AQUACULTURE BUSINESS

of full-time jobs current _____ # of NEW full-time jobs projected within 36 months _____

of part-time jobs current _____ # of NEW part-time jobs projected within 36 months _____

PROJECT ADVISOR(S) (If Applicable)

1-Name _____ Title _____

Institution/Firm _____

Work Telephone _____ E-mail _____

2-Name _____ Title _____

Institution/Firm _____

Work Telephone _____ E-mail _____

SECTION 3: MANAGEMENT/OWNERSHIP

1-Name _____ Title _____

Social Security # _____ Date of Birth _____ % Ownership _____

Address _____ City _____

State _____ Zip Code _____ Telephone _____

Tidal Fisheries License Number _____

2- Name _____ Title _____

Social Security # _____ Date of Birth _____ % Ownership _____

Address _____ City _____

State _____ Zip Code _____ Telephone _____

Tidal Fisheries License Number _____

3- Name _____ Title _____

Social Security # _____ Date of Birth _____ % Ownership _____

Address _____ City _____

State _____ Zip Code _____ Telephone _____

Tidal Fisheries License Number _____

4- Name _____ Title _____

Social Security # _____ Date of Birth _____ % Ownership _____

Address _____ City _____

State _____ Zip Code _____ Telephone _____

Tidal Fisheries License Number _____

(Please attach additional sheets if necessary)

LAND-BASED FACILITIES (if any)

If Owned

Size(acres) _____ Location _____

If Leased

Size(acres) _____ Location _____

Type and # of buildings/structures _____

DECLARATIONS

*If answering "yes" to any of these questions, please provide an explanation on a separate sheet and attach.
(Note: Answering "yes" to any question is not necessarily disqualifying.)*

- | | | |
|---|------------------------------|-----------------------------|
| 1. Is the business or any of the top management personnel an endorser, guarantor or co-signer for obligations not listed on its/their financial statements? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 2. Is the business or any of the top management personnel a party to any claim or lawsuit? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 3. Has the business or any of the top management personnel ever declared bankruptcy? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 4. Does the business or any of the management personnel owe any taxes for prior years? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 5. Have any managers or owners received a felony conviction? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 6. Have any managers or owners received a natural resources violation? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

SECTION 4: SIGNATURES

EQUAL CREDIT OPPORTUNITY ACT (15 U.S.C. 1691)

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status or age (provided that the applicant has the capacity to enter into a binding contract), because all or part of the applicant's income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law concerning this creditor is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.

AUTHORITY TO COLLECT PERSONAL INFORMATION

This information is provided pursuant to Public Law 93-579 (Privacy Act of 1974). Effect of Non-Disclosure: Omission of an item means your application might not receive full consideration.

I/We authorize disclosure of all information submitted in connection with this application to the financial institution agreeing to participate in the project financing. I/We waive all claims against either MARBIDCO or the State of Maryland.

I/We realize that if I/We do not comply with the aforementioned Certification, my/our loan can be called, terminated or repayments accelerated.

CERTIFICATION

I/We certify all information in this application and the attachments is true and complete to the best of my/our knowledge and is submitted so that MARBIDCO and its Committee can decide whether to offer financial assistance.

Signature _____ Signature _____

Printed Name _____ Printed Name _____

Date _____ Date _____

Signature _____ Signature _____

Printed Name _____ Printed Name _____

Date _____ Date _____

SECTION 5: ATTACHMENTS CHECKLIST

PLEASE REVIEW THIS CAREFULLY TO MAKE SURE THE FOLLOWING INFORMATION IS INCLUDED WITH YOUR SUBMISSION

1. ☐ Description and history of the applicant individual or company.
2. ☐ A copy of the DNR Shellfish Aquaculture Lease (if it has been approved).
3. ☐ Production and business plan for the project to receive financing.
4. ☐ Applicant *and* business operation tax return(s) for the preceding year (please include all schedules).
5. ☐ Completed Balance Sheet (attachment 1).
6. ☐ Completed Pro Forma Income Statement (attachment 2).
7. ☐ Completed Debt Repayment Schedule (attachment 3).
8. ☐ A signed original application and all attachments PLUS FIVE COPIES of the entire submission (except for the tax return) MUST ALSO BE SUBMITTED. (Note: Only one copy of the tax return need be submitted).

Note: MARBIDCO agrees to hold Recipient's Application and Financial Reports in confidence to the extent reasonably permitted by Title 10, Subtitle 6 of the State Government Article of the *Annotated Code of Maryland*. Notwithstanding the foregoing, MARBIDCO shall not be obligated to maintain in confidence any information: 1) which was already known to MARBIDCO; or, 2) which is or comes into the public domain through no fault of MARBIDCO; or, 3) which is independently developed by MARBIDCO; or, 4) which comes to MARBIDCO from a third party which is not in violation of any obligation of confidentiality to Applicant or MARBIDCO.

Balance Sheet

Balance Sheet Date: _____

Assets

Current Assets

Cash _____
 Accounts Receivable _____
 Notes Receivable _____
 Savings Accounts _____
 Seed Oysters _____
 Bushels (or yds) of Shell _____
 Other Current Assets _____

Current Assets

Commercial Workboat _____
 Automobiles and Trucks _____
 Machinery & Equipment _____
 Shops & Supplies _____
 Other _____
 IRA/401K Retirement Accts _____
 Waterfront Land _____
 Acres _____
 Farm Land _____
 Acres _____
 Acres _____
 Forest Land _____
 Acres _____
 Acres _____
 Residence _____
 Other Real Estate (specify) _____

Non Current Assets

Total Assets

Liabilities

Current Liabilities

Accounts Payable _____
 Credit Cards (specify): _____

 Notes Payable (specify): _____

Other Liabilities

Current Liabilities

Current Portion of Long Term Debt*

Mortgages (specify)

Car & Workboat Loans (specify)

Other long-term Loans (specify)

Non Current Liabilities

Total Liabilities

Total Liabilities

*Current portion of long term debt represents the total amount of long-term debt that must be paid within the next year.

Pro Forma Income Statement

(Revenue and expense projections for the upcoming year)

Date: _____

Business Income and Expenses

Income

Sales of:

Rental Income

Fishing Income

Other Income (specify)

Less Cost of Spat & Shell

Gross Business Income

Expenses

Advertising

Workboat Expenses

Car/Truck Expenses

Salaries & Wages

Labor Hired

Consultants

Consumable equipment

Repairs, Maintenance

Freight, Trucking

Gasoline, Fuel, Oil

Insurance

Rent of Machinery & Equip

Rent of Farm, Pasture

Storage, Warehousing

Utilities

Miscellaneous Expenses (specify)

Total Business Expenses

Net Business Income

Other/Personal Income and Expenses

Income

Salaries & Wages

Interest & Dividends

Rentals

Pension/Social Security

Alimony/Child Support

Other Income (specify)

Gross Other Income

Expenses

Social Security Withholding

Self-Employment Taxes

Income Taxes (State & Federal)

Alimony/Child Support

Other Expenses (specify)

Total Other Expenses

Net Other Income

Business Debt Repayment Schedule

Date: _____

Lender and Loan Number	Original Amount	Date Incurred	Interest Rate	Payments Per Year	Amount of Periodic Payment	Loan Balance
Annual Totals						

Personal Debt Repayment Schedule

(Including Car Loans)

Date: _____

Lender and Loan Number	Original Amount	Date Incurred	Interest Rate	Payments Per Year	Amount of Periodic Payment	Loan Balance
Annual Totals						